



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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October 26, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

## WASHINGTON, D.C. UPDATE

### State Children's Health Insurance Program (SCHIP) Reauthorization Bill

On October 25, 2007, the House passed H.R. 3963, a revised State Children's Health Insurance (SCHIP) reauthorization bill, on a 265 to 142 vote, which falls short of the two-thirds majority that would be required to override a veto by President Bush. The SCHIP bill (H.R. 976), which was vetoed by the President, passed the House by a vote of 265 to 159 with 45 Republicans voting for it, compared to 43 Republicans who voted for H.R. 3963. Representative Young (R-AL), who voted for H.R. 976, was absent for the vote on the revised bill.

H.R. 3963 includes revisions which were intended to address major concerns raised by Republicans who opposed the vetoed bill. House Republicans, however, indicated that the revisions did not go far enough and that they were excluded from the drafting of the revised bill. H.R. 3963 was not available in print until shortly before the House voted on the bill, and the rule for floor debate precluded any amendments from being offered. The bill's revisions include:

- Capping SCHIP income eligibility at 300 percent of the Federal poverty level (FPL) except New Jersey would be allowed to continue to enroll children up to 350 percent of the FPL;

- Requiring all childless adults to be removed from SCHIP by December 31, 2008, which is one year earlier than under the vetoed bill;
- Requiring states to develop plans and implement best practices for addressing "crowd-out" (i.e., the movement of children from private health insurance to SCHIP), which is not limited to states seeking to cover children above 300 percent of the FPL, as under the vetoed bill; and
- Providing a new state option to verify whether a Medicaid or SCHIP applicant is a U.S. citizen by matching Social Security numbers (SSNs) against the Social Security Administration's data base. If the automated SSN match does not confirm citizenship, the applicant would have to submit documentation of their citizenship.

The Senate is expected to vote on the revised bill during the last week in October. However, the President already has indicated that he would veto H.R. 3963 because it did not satisfactorily address his objections to the vetoed bill, which included: (1) it would not prevent crowd-out; (2) it fails to prioritize funding for the poorest children; and (3) it is too costly. The Federal Fiscal Year (FFY) 2008 Continuing Resolution temporarily extended funding and authorization for SCHIP through November 16, 2007. If agreement cannot be reached on a reauthorization bill which is acceptable to the President by that date, another temporary extension of SCHIP must be enacted. At this time, it appears all but certain that another Continuing Resolution will be enacted to temporarily extend funding for SCHIP and other Federal programs through Thanksgiving and probably into December.

#### **Legislation of County Interest: Internet Tax Moratorium**

On October 25, 2007, the Senate approved on a voice vote an amended version of H.R. 3678, the Internet Tax Freedom Act of 2007, which would extend the current moratorium on state and local taxes on Internet access by seven years, to November 1, 2014. The House passed its version on October 16, 2007 with a four-year extension. The current moratorium expires at the end of this month.

The Senate bill clarifies the definition of Internet access to mean a service that enables users to connect to the Internet to access content, information, or other services offered over the Internet and services such as home page, electronic mail and instant messaging, and video clips, but excluding voice, audio, or video programming.

The House and Senate will have to resolve their differences on the extension of the moratorium within the next few days. The National Association of Counties, the National League of Cities, and other local government representatives supported the

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four-year extension, and have also supported the Internet access definition changes. Some Internet service providers and telecommunications companies have supported a permanent extension of the moratorium.

Because of the impending deadline, Congress may try to find a middle ground and approve a compromise bill that extends the moratorium for five or six years. The President has indicated that he will sign a moratorium extension bill provided that it keeps the Internet tax-free.

We will continue to keep you advised.

WTF:GK  
MAL:MT:RM:acn

c: All Department Heads  
Legislative Strategist